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28 April 1964

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The attached proposal setting forth budgetary cost information and attendant special considerations, is offered as an interim response to your Request For Proposals dated 20 and 23 March calling for additional EMR Subsystems and the E-C Portion of GDR respectively.

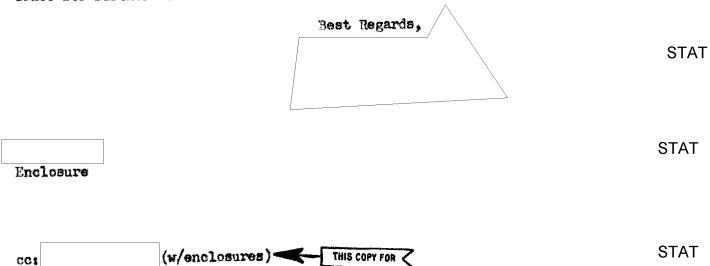
Please be advised the budgetary information submitted herewith contemplates the definitization of a cost type contract and as such provision for contractor fees has been made in each proposal. It is this contractor's judgement that the following factors make it advisable that a cost type contract be considered.

- l. This contractor has not as yet accomplished subsystem testing. It is to be recognized that without an established system configuration manufacturing costs remain uncertain which serves to negate confidence in a Fixed Price proposal.
- 2. Problems which will be encountered during selected environmental functional mock-up and integration tests (prior to the design freeze) are unpredictable and as such present considerable risk to this contractor insofar as cost assessment is concerned.
- 3. The operational AGE equipment that will be delivered under this program is necessarily more complex than the Interim AGE and represents a great deal of contractor development normally associated with cost type contracts.
- h. The extent of this contractor's input to the vehicle integration phase of the program remains somewhat unknown at present.
- 5. As of this date it is believed this contractor will have a problem getting the more prominent subcontractors to offer Fixed Price type proposals.

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As a pertinent item, please be advised this contractor intends submittal of a firm proposal no later than 15 July 1964. It is to be noted that we will attempt to improve the aforementioned date. However, the pricing of final bills of material, receipt of quotations from all subcontractors, evaluation of competitive bids in some cases, and the integration of subcontracts input into our own effort requires considerable time.

This contractor trusts the information provided herewith will serve as a suitable interim monetary indication of the effort which has been undertaken. Be advised that representatives are available at your convenience for further discussion of the information provided herewith.



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